



**State of Connecticut**  
**HOUSE OF REPRESENTATIVES**

STATE CAPITOL  
HARTFORD, CONNECTICUT 06106-1591

**REPRESENTATIVE MARYANNE "ANNIE" HORNISH**  
SIXTY SECOND ASSEMBLY DISTRICT

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**MEMBER**  
COMMERCE COMMITTEE  
EDUCATION COMMITTEE  
ENVIRONMENT COMMITTEE

March 5, 2009

Re: Privatization of the UConn Health Center **HB 6335**

To: Higher Education and Employment Advancement Committee

Dear Senator Handley, Representative Willis, and Honorable Members of the Higher Education and Employment Advancement Committee,

I am writing to request that you consider the attached letter that discourages privatization of the UConn Health Center<sup>1</sup>. I agree with the authors' suggestions for inquiry into accounts receivable at the hospital as well as the suggestion that the University be paid by private hospitals that utilize the Dempsey Hospital's students/residents as part of their medical training. (According to this letter, these private hospitals receive medical care from these students/residents and subsidies from the federal Medicare program under the category of Graduate Medical Education, while Dempsey receives nothing and bears the administrative burden, which totals "several million dollars".)

I have also included a Hartford Courant article written by Fred Hyde<sup>2</sup>. I suggest that the examples of public-private combinations that Mr. Hyde refers to as "troubling precedent" should be investigated and considered carefully. I recognize that these cases may not be perfectly analogous to our current situation. However, I did find it curious that it was only because of Senator Gomes' questions at a hearing a few ago that proponents of the merger even addressed these failed public-private mergers; instead, they had only referenced the example of a single successful merger.

<sup>1</sup> Attachment I: *Dempsey Opportunities Committee Letter*

<sup>2</sup> Attachment II: *Hartford Courant*, "This Merger is Malpractice", January 11, 2009

Please also consider the intangible qualities of this public asset: in addition to public satisfaction and quality of medical service, Dempsey's case mix -- the highest of any hospital in Connecticut<sup>3</sup> -- is a concrete testament to the public's value of this hospital.

I believe that efforts towards better financial management should be the State's focus for the John Dempsey Hospital. In doing so, I believe the State has the opportunity to provide much-needed competition in the increasingly monopolistic field of health care, as well as preserving a valued public asset.

Thank you for your consideration,

A handwritten signature in cursive script, appearing to read "Annie Hornish".

Representative Annie Hornish

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<sup>3</sup> *Attachment III: Case Mix, Connecticut Hospitals. Source = State of Connecticut Office of Health Care Access, November 2008, page 8.*

Attachment I

## Dempsey Opportunities Committee

*The future of Connecticut's Science and Medicine*

January 9, 2009

Honorable Rep. Maryanne Hornish  
53 Whitman Dr.  
Granby CT 06035-2712

Re: Privatization of UConn Health Center

Dear Representative,

Soon you are going to be presented with a proposal to turn over the University of Connecticut Health Center's John Dempsey Hospital to a private hospital, and, after doing so, to foot the bill for a \$500 million replacement for Dempsey. We feel this is imprudent.

Many state legislators and the Governor have asked us, in the alternative, to suggest money saving suggestions for the State.

First, we suggest that a thorough review be done of accounts receivable at the hospital. Management of accounts receivable is extremely important for all hospitals, but is especially important for the State, operating as it does on an annual budget basis.

At the John Dempsey Hospital, accounts receivable have gone from 35 days in patient accounts receivable in 2005, to 51 days in 2006, to 69 in 2007, the most recent information officially published by OHCA. One result is that "days cash on hand" have gone from 37 in 2005 to 11 in 2006 to 0 in 2007.

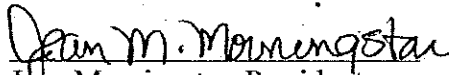
Being paid for the services delivered-as all sectors of the Dempsey Hospital are showing increased services to the public, including discharges, patient days and emergency room visits-is a challenge, but one which should be managed more effectively.

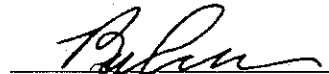
Second, we suggest that the University be fully paid by the other area hospitals that are making use of the residents and students sponsored by the University. These professionals in training deliver medical care at the hospital where they "rotate," and the hospitals that host those professionals in training collect for those services, for example, under the category of Graduate Medical Education subsidies from the federal Medicare program. The University (and Dempsey) receives nothing in return for indirect costs associated with administering the program, which total several million dollars.

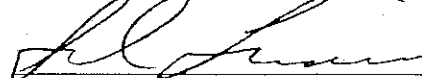
These are two elementary areas for attention, but attention must be paid by full time managers, responsible only to the State.

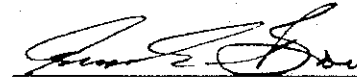
Until this year, the Dempsey Hospital was showing a profit (3.85% total margin in 2005, 2.05% in 2006). Now, with University leaders working with a private hospital to effect a merger, attention has waned, and there is a deficit. It is remarkable that the professionals at Dempsey accomplish seemingly miraculous work: for one measure, the "case mix index"-the indicator of the relative complexity of patient care delivered in a hospital-was higher at Dempsey in 2007 than at any other hospital in the State, including Hartford and Yale-New Haven. It is time to ask the same dedication of the management, especially before even thinking about giving away a State asset of this importance.

Sincerely,

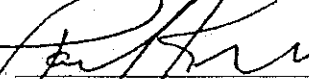
  
Jean Morningstar, President  
UHP Local 3837, AFT

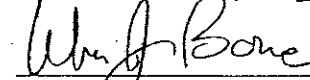
  
Ron McLellan, President  
CEUI, SEIU, Local 511

  
Sal Luciano, Executive Director  
Council 4 AFSCME

  
Carmen Boudier, President  
District 1199, SEIU

Sharon Palmer, President  
AFT Connecticut

  
Paul Krell, President  
A&R Local 4200, AFT

  
William Boucher, President  
Protective Services Employee Coalition, IAFF, IUPA

# This Merger Is Malpractice

Bad Deal Imperils UConn Facility's Mission

By FRED HYDE

**L**egislators have been treated to a rosy exposition of this proposal: "Why don't we give the state's only teaching hospital (the John Dempsey Hospital in Farmington, part of the University of Connecticut Health Center) to Hartford Hospital, a private facility? Oh, and let's send along a new \$500 million building at the taxpayers' expense, to boot."

Stated this way of course, the proposition appears absurd. The alternative, "Hartford to merge with John Dempsey," is no less absurd, once examined.

First, John Dempsey Hospital is the state's only public academic health center hospital, the clinical home for department chairmen of UConn's schools of medicine and dentistry, a focal point for medical education and a source of great pride. Dempsey regrettably has suffered from management with divided loyalties for

>> Fred Hyde, M.D., of Ridgefield is an adviser to six unions representing more than 3,000 employees at the University of Connecticut Health Center.

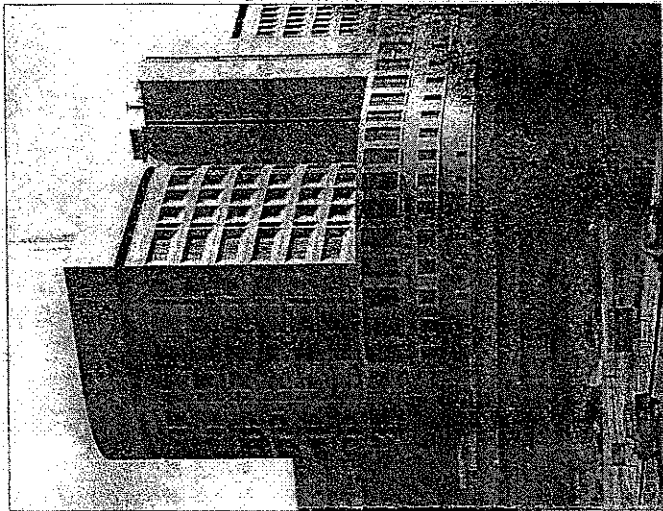
nearly all of its modern history. Management has been shared at times with Hartford Hospital; it has been part-time or itinerant. One of the smallest teaching hospitals in the nation, Dempsey has been blocked at every expansion move by the politically influential Hartford Hospital monopoly.

Despite the obstacles, Dempsey does unique work. Its case mix index (a common measure of the complexity and difficulty of medical care delivered in hospitals) was the highest in the state — higher than Yale-New Haven Hospital, higher than Hartford. In 2007, the latest year for which such numbers have been published.

The professionals at Dempsey have exemplified public service for the acutely ill, have cared for those with unusual diseases and have assumed responsibility for educating the next generation of health professionals.

Second, the impropriety of privatizing a public asset — without recompense, and with a confused notion of mission — should be clear. Leaders of the University of

HOSPITAL, C6



JOHN DEMPSEY HOSPITAL sits on the southwest corner of the massive University of Connecticut Health Center complex in Farmington. Stephen Dunn | sdunn@courant.com

## Hospital Merger Or Capitulation?

CONTINUED FROM C1

Connecticut have apparently decided that resistance to Hartford Hospital is futile, and that an exit from the hospital business will save political conflict. Of course it will save conflict — if they give in to the main source of that conflict, namely the protests of powerful private-sector competitors.

Quite aside from the differing missions of public and private organizations, there is also the question of governance of academic health centers. The department chairman in an academic health center controls the use of clinical resources and positions. Is the Hartford Hospital medical staff ready to have the chairman of the department of medicine of UConn named to be their chief of service?

If not, will the resulting facility be a teaching institution? Will it give primacy to advancing knowledge, to training the next generation, to the conduct of clinical research? Or will that primacy be sacrificed in the service of the private medical practitioner, the mainstay of the Hartford Hospital medical staff?

Finally, we have troubling precedent for these public-private combinations. In 1996, the leaders of the University of California at San Francisco tried to combine their clinical facilities with those of Stanford University. Within three years, the "merger" fell apart, with a \$100 million repair bill. The same (a public-private merger) was tried by Penn State and the Geisinger Health System, at about the same time, and with the same results. Neither of these examples has been

presented to Connecticut legislators. If anyone paying attention in the health world noted that public-private combination academic organizations don't work, to nothing of attempting to combine an a hospital with a community hospital.

A merger of Hartford and Dempsey will promote further price-busting consolidation in the hospital field — eliminating any remnant of price control. It will turn a state-owned and developed over to a private corporation. Most of a deny the nature and mission of UConn Center.

These are reasons enough for state lawmakers to take a hard look at this transaction, and to give it the public scrutiny it deserves.

Hartford Courant  
5/17/09

Attachment II

## EXECUTIVE SUMMARY

The total statewide hospital case mix index increased by 0.0231 or 2% from 1.1975 in FY 2005 to 1.2206 in FY 2007. The Non-Government case mix index increased by 0.0359 or 3% from 1.0805 in FY 2005 to 1.1164 in FY 2007. During the same period, the Medicare case mix index decreased slightly by 0.0017 (or less than -1%) from 1.4605 in FY 2005 to 1.4588 in FY 2007, while the Medicaid case mix index increased by 0.0144 or 2% from 0.8727 in FY 2005 to 0.8871 in FY 2007 (see the **Statewide Hospital Profile** for a detailed review).

The change in the statewide hospital case mix index over both the one-year and two year periods reflects an increase in patient acuity and resulting increase in the cost associated with providing services to patients.

Table 1. Hospital Case Mix Index, ALOS, and Occupancy of Staffed Beds

HOSPITAL	CASE MIX INDEX			ALOS			OCCUPANCY OF STAFFED BEDS		
	FY 2005	FY 2006	FY 2007	FY 2005	FY 2006	FY 2007	FY 2005	FY 2006	FY 2007
BACKUS	1.1583	1.1443	1.1681	4.4	4.3	4.2	77%	72%	69%
BRIDGEPORT	1.2961	1.2852	1.2557	5.3	5.2	5.3	87%	84%	85%
BRISTOL	1.0424	1.0298	1.0388	4.6	4.2	4.2	65%	61%	80%
CTCMC	1.2974	1.3031	1.3817	5.4	5.5	6.0	71%	70%	73%
DANBURY	1.0745	1.1693	1.1760	4.2	4.2	4.2	94%	93%	98%
DAY KIMBALL	0.8641	0.8878	0.9052	3.4	3.5	3.6	84%	76%	78%
DEMPSEY	1.4553	1.4149	1.4200	6.1	6.0	6.0	73%	73%	74%
GREENWICH	0.9615	1.0091	1.0251	3.8	3.9	3.8	64%	65%	65%
GRIFFIN	1.0213	0.9904	1.0261	4.4	4.5	4.3	97%	98%	97%
HARTFORD	1.4022	1.3904	1.3902	5.8	5.5	5.3	80%	78%	78%
HOSP OF CENTRAL CT	1.0611	1.0687	1.0757	4.3	4.1	4.0	70%	65%	75%
HUNGERFORD	1.0935	1.1388	1.1930	4.4	4.4	4.5	64%	73%	92%
JOHNSON	0.9372	1.0051	1.0204	5.6	5.6	5.6	76%	76%	79%
LAWRENCE MEM.	1.0188	1.0454	1.0452	4.7	4.7	4.8	78%	75%	76%
MANCHESTER	1.0369	1.0969	1.1230	4.8	5.0	4.9	84%	87%	88%
MIDSTATE	1.1148	1.0856	1.1156	4.3	4.5	4.6	86%	88%	89%
MIDDLESEX	1.1118	1.0920	1.1011	4.3	4.3	4.1	84%	87%	95%
MILFORD	1.1261	1.1302	1.1790	4.6	4.5	4.4	94%	95%	94%
NEW MILFORD	1.1874	1.2099	1.2120	4.3	3.9	4.0	55%	47%	88%
NORWALK	1.0814	1.0918	1.0834	5.3	5.3	5.2	98%	98%	98%
ROCKVILLE	0.9503	0.9910	1.1210	3.9	4.0	4.1	65%	59%	62%
SAINT FRANCIS	1.3951	1.3959	1.4031	5.0	5.2	5.1	79%	78%	80%
SAINT MARY	1.1670	1.1974	1.1953	4.5	4.6	4.7	89%	92%	86%
SAINT RAPHAEL	1.4730	1.4481	1.4125	5.4	5.4	5.2	78%	78%	91%
SAINT VINCENT	1.3693	1.3454	1.3654	5.3	5.1	5.2	82%	82%	82%
SHARON	1.0491	1.0312	1.1153	4.3	4.1	4.0	74%	68%	67%
STAMFORD	0.9951	1.0192	1.0498	4.6	4.5	4.4	68%	66%	63%
WATERBURY	1.0856	1.1638	1.2250	4.5	4.7	4.9	67%	72%	83%
WINDHAM	1.0372	0.9773	1.0091	3.9	3.7	3.8	64%	63%	68%
YALE-NEW HAVEN	1.2973	1.2699	1.2718	5.3	5.2	5.2	82%	82%	82%
STATEWIDE (Note A)	1.1975	1.2181	1.2206	4.9	4.8	4.8	79%	78%	81%
AVERAGE (Note B)	1.1387	1.1476	1.1701	4.7	4.7	4.7	78%	77%	81%
MEDIAN (Note C)	1.0896	1.1136	1.1456	4.6	4.5	4.6	78%	76%	81%

Note A: Statewide numbers are a weighted average.  
 Note B: Sum of column divided by number of hospitals.  
 Note C: Middle number in numerical order.